



WILLIAM T FUJIOKA

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

May 25, 2010

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors and Commissioners:

PUBLIC HEARING TO APPROVE THE SALE AND LEASE OF REAL PROPERTY FOR DEVELOPMENT OF THE SOUTH HEALTH CENTER PROJECT IN THE WILLOWBROOK COMMUNITY REDEVELOPMENT PROJECT AREA (SECOND DISTRICT) (3 VOTES)

SUBJECT

This letter recommends approval of the sale and lease of real property for development of the South Health Center (Project), an approximately 33,000 square foot health facility, to be located in the Willowbrook Community Redevelopment Project Area.

**JOINT RECOMMENDATION WITH THE CHIEF EXECUTIVE OFFICER AND THE
COMMUNITY DEVELOPMENT COMMISSION THAT THE BOARD OF SUPERVISORS,
AT THE CONCLUSION OF THE PUBLIC HEARING:**

1. Return the following findings in accordance with Section 33445 of the California Health and Safety Code that will permit the County of Los Angeles to purchase, for a cost of \$1.00, 27,076 square feet For Sale Parcel of an approximately 71,779 square foot vacant Community Development Commission-owned property located at the northwest corner of 120th Street and Wilmington Avenue in unincorporated Los Angeles County, to provide for

"To Enrich Lives Through Effective And Caring Service"

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Intra-County Correspondence Sent Electronically Only**

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

development of the South Health Center; the Project will benefit the Willowbrook Community Redevelopment Project Area (Project Area) by expanding the availability of health care services; there is no other reasonable means of financing the Project other than by purchase of the For Sale Parcel at a subsidized cost; the Project will reduce blight by returning approximately eight vacant parcels to productive use; and the Project is included in the Project Area Five-Year Implementation Plan approved by the Board of Supervisors on December 8, 2009.

2. Approve the Project and authorize the Chief Executive Office to ratify the publication of the Notice of Intention to Purchase the For Sale Parcel, in accordance with California Government Code Sections 25350 and 6063.
3. Order the purchase of the For Sale Parcel to be consummated in accordance with California Government Code Section 25350 for the purchase price of \$1.00, plus title and escrow fees of approximately \$5,000.
4. Authorize the Chief Executive Officer to open and manage escrow; execute any required documents necessary to complete the transfer of title to the County, including without limitation a Purchase and Sale Agreement with the Community Development Commission; and to accept the deed conveying the title to the For Sale Parcel to the County.
5. Authorize the Auditor-Controller to issue a warrant to cover the purchase price of \$1.00 and any other required transactional costs or escrow fees, which are estimated not to exceed \$5,000.
6. Authorize the Chief Executive Office to negotiate with the Community Development Commission (Commission), execute, and if necessary, amend or terminate (after review and approval by County Counsel): (i) a Memorandum of Understanding governing the use of the For Sale Parcel and the adjacent 44,703 square foot Parking Parcel, Project financing, Project construction, and any other terms related to the development of the Project, and (ii) a Lease for the Parking Parcel to the County for South Health Center parking.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS, AT THE CONCLUSION OF THE PUBLIC HEARING:

1. Authorize the Executive Director to sell 27,076 square feet For Sale Parcel of an approximately 71,779 square foot vacant Community Development Commission-owned property located at the northwest corner of 120th Street and Wilmington Avenue in unincorporated Los Angeles County, to the County for the purchase price of \$1.00 for construction of the South Health Center (Project) following approval as to form by County Counsel.
2. Authorize the Executive Director to negotiate with the Chief Executive Office, execute, and if necessary, amend, terminate, or extend a Lease Agreement with the County for the sum of \$1.00 per month, for use of the adjacent 44,703 square foot Parking Parcel for South Health Center parking, following approval as to form by County Counsel.
3. Authorize the Executive Director to negotiate and execute any required documents necessary to complete the transfer of title to the County, including without limitation a Purchase and Sale Agreement of the For Sale Parcel with the Chief Executive Officer, following approval as to form by County Counsel.
4. Authorize the Executive Director to negotiate with the Chief Executive Office, execute, and if necessary, amend or terminate: (i) a Memorandum of Understanding governing the use of the For Sale Parcel and the Parking Parcel, Project financing, Project construction, and any other terms related to the development of the Project, and (ii) a Lease for the adjacent Parking Parcel to the County for the South Health Center parking, following approval as to form by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to approve the sale and lease of the For Sale Parcel and Parking Parcel (as shown on the attached site map) between the Commission and the County, to develop the new Project, an approximately 33,000 square foot public health facility, in the Project Area. The facility will enable the Department of Public Health (DPH) to provide to the low-income community expanded services for treatment and prevention of communicable diseases such as tuberculosis and sexually transmitted diseases in a single, convenient, state-of-the-art facility.

On August 11, 2009, the Board of Supervisors approved the establishment of a Capital Project for the Project. The Capital Project allowed the Department of Public Works (DPW) to continue with preliminary planning and development of the facility. On October 13, 2009, the Board of Supervisors and the Board of Commissioners approved an application to the U.S. Department of Housing and Urban Development (HUD) for a Section 108 loan guarantee of approximately \$10,000,000 and a companion Economic Development Initiative grant of approximately \$10,000,000 to construct the new South Health Center. The contract for Loan Guarantee Assistance and related documents were prepared by HUD upon its approval of the Section 108 loan application in December 2009.

In March 2010, after an extensive evaluation and selection process, DPW identified a Design-Build team to construct the Project and, in May 2010, the Board of Supervisors approved the Design-Build Team for the development of the Project.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we maximize fiscal sustainability by providing sound, prudent, and transparent short- and long-range fiscal policies and practices that help ensure maintenance of critical, high-priority County public services (Goal 1). Purchasing the For Sale Parcel is consistent with that goal.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The Commission will sell the For Sale Parcel to the County for \$1.00 to be funded from the South Health Center Project (Capital Project No. 77177) and lease the Parking Parcel to the County for the sum of \$1.00 per month to be funded from the County Rent Expense Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The existing South Health Center, located at 1522 E. 122nd Street, Los Angeles, CA, is an approximately 19,000 square foot public health facility that serves about 3,000 patients each month. The facility is deteriorated and unable to provide an efficient, effective, and safe environment for patients and staff and not large enough to meet current and future needs of the program. DPH will provide expanded health services in a new state-of-the-art South Health Center.

In accordance with the Willowbrook Community Redevelopment Plan, adopted by your Board on September 15, 1977, the Commission purchased the subject property with Community Development Block Grant funds for the orderly development of properties near the Martin Luther King, Jr. Multi-Service Ambulatory Care Center. As a part of this effort, the Commission proposes to sell the For Sale Parcel as is and will be providing a Quit Claim Deed to the County for said property for construction of the Project. The Commission will lease the Parking Parcel as is to the County for South Health Center parking. The Commission will retain ownership of the Parking Parcel for future compatible development.

Section 33445 of the California Health and Safety (H&S) Code requires that in order to acquire and construct on the For Sale Parcel, the Board of Supervisors must make the following findings: the Project will benefit the Project Area; there is no other reasonable means of financing the project; the project will reduce a blighting condition in the Project Area; and the project is consistent with the Project Area Five-Year Implementation Plan, approved by your Board on December 8, 2009.

There are sufficient facts to support the required findings. First, the Project will benefit low- and moderate-income residents of the Project Area by providing much needed community health services. Second, due to the budgetary challenges faced by DPH, there is no other reasonable means of financing the Project other than by the purchase of the For Sale Parcel at a nominal cost. Third, the Project will help reduce blight, as defined under Section 33031(b) (2) of the H&S Code, by developing approximately eight vacant parcels in the Project Area. Fourth, the Project is consistent with the current Project Area Five-Year Implementation Plan which states that the new South Health Center will enable DPH to provide much needed community health services for treatment and prevention of communicable diseases such as tuberculosis and sexually transmitted diseases.

Sections 33430 and 33431 of the H&S Code allow the Commission, as a redevelopment agency, to sell or lease Commission-owned properties without public bidding after a noticed public hearing. Following the Board of Commissioners' approval, the Executive Director will execute the documents necessary to sell the For Sale Parcel for \$1.00 to the County for construction of the building.

Notification of this public hearing was in accordance with Section 33431 of the H&S Code which states that a public hearing on the sale or lease of properties located within a redevelopment project area must be noticed for two weeks in a newspaper of general circulation.

ENVIRONMENTAL DOCUMENTATION

Pursuant to the requirements of the National Environmental Policy Act of 1969, an Environmental Assessment (EA) was prepared for a 49,117 square foot medical office building on the same Commission-owned site. Based on the conclusions and findings of the EA, a Finding of No Significant Impact was adopted by the County of Los Angeles on October 22, 2002. Following the required public and agency comment period, HUD issued a Release of Funds for the Project on November 30, 2002. Two subsequent amended EAs were prepared for smaller projects on the same site; these did not identify any additional environmental impacts. Therefore, the original Finding of No Significant Impact and Release of Funds still apply.

Pursuant to California Environmental Quality Act (CEQA) requirements and consistent with CEQA Guidelines, an Amended Environmental Assessment/Mitigated Negative Declaration (AEA/MND) was prepared for the construction of a 49,117 square foot medical office building on the Commission-owned site. The Board of Commissioners' adoption of the AEA/MND and the Mitigation Monitoring and Reporting Program on August 8, 2006 meets CEQA requirements.

The AEA/MND was amended a second time to reflect the current Project scope (construction of an approximately 33,000 square foot health facility) and this amended AEA/MND did not identify any additional environmental impacts from this Project. The Board of Supervisors' adoption of the second AEA/MND and the Mitigation Monitoring and Reporting Program on October 13, 2009 meets CEQA requirements.

The environmental review record for this Project is available for public review during regular business hours at the Commission's main office located at 2 Coral Circle in Monterey Park.

IMPACT ON CURRENT PROJECTS

The Project will enable the County to provide much needed community health services in a single, convenient, state-of-the-art facility that will allow for efficient and continuous care. The existing South Health Center facility will remain in operation during construction of the new building. The placement of the new facility at this site will serve to address a significant, identified need for improving access to health care and preventive services in the Project Area.

The Honorable Board of Supervisors and Commissioners
May 25, 2010
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CONCLUSION

It is requested that the Executive Officer-Clerk of the Board of Supervisors, return copies of the adopted, stamped Board letter to the Chief Executive Office (Capital Projects and Real Estate Division) and the Community Development Commission.

Respectfully Submitted,



WILLIAM T FUJIOKA
Chief Executive Officer



SEAN ROGAN
Executive Director

WTF:SR:SK

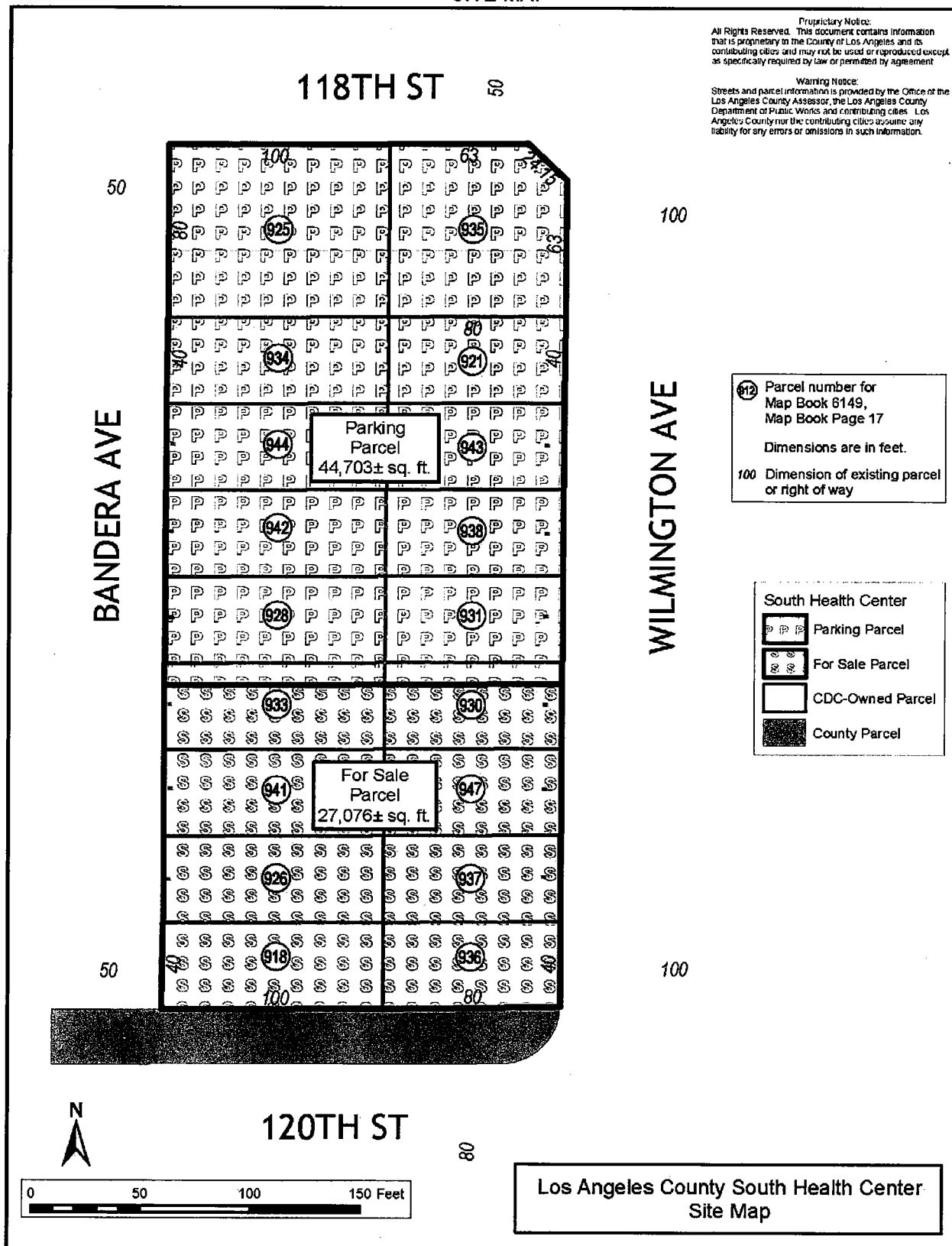
c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller

Attachments

SITE MAP

Proprietary Notice:
All Rights Reserved. This document contains information that is proprietary to the County of Los Angeles and its contributing cities and may not be used or reproduced except as specifically required by law or permitted by agreement.

Warning Notice:
Streets and parcel information is provided by the Office of the Los Angeles County Assessor, the Los Angeles County Department of Public Works and contributing cities. Los Angeles County and the contributing cities assume any liability for any errors or omissions in such information.



SALE AND PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

THIS SALE AND PURCHASE AGREEMENT ("Agreement") is made and entered into as of the 22nd day of July, 2010 by and between the Community Development Commission of the County Los Angeles, a body corporate and politic ("Seller"), and the County of Los Angeles, a body corporate and politic ("Buyer"). Based upon the mutual consideration provided for herein, Seller and Buyer agree as follows:

1. Sale and Purchase. Seller is the owner of certain real property located at 11833 S. Wilmington Avenue, in the Willowbrook area of unincorporated County of Los Angeles, State of California and legally described in Exhibit A and depicted in Exhibit B, both attached hereto and incorporated herein by reference ("Property"). Seller desires to sell the Property, and convey it to Buyer, and Buyer desires to purchase the Property and accept it from Seller, for the consideration and on the terms and conditions hereinafter set forth.

2. Purchase Price. The purchase price ("Purchase Price") for the Property is One and No/100 Dollars (\$1.00), payable by Buyer to Seller as follows:

A. One and No/100 Dollars (\$1.00) ("Payment") to be paid in full ten business days prior to the conveyance of the Property in accordance with Section 4.

Payment shall be made by certified check payable to the Community Development Commission of the County Los Angeles.

3. Costs. All costs and expenses related to this transaction shall be paid by Buyer including, but not limited to, the cost of a title insurance policy, and all documentary transfer taxes and document drafting, recording and any other miscellaneous charges and fees.

4. Conveyance and Closing Date. Seller shall convey the Property to Buyer by quitclaim deed ("Deed"), subject to:

- A. All taxes, interest, penalties, and assessments of record assessed but not yet due, if any;
- B. Covenants, conditions, restrictions, reservations, easements, licenses, rights, and rights-of-way of record, if any; and
- C. Seller's reservation to itself and exception from the conveyance contemplated herein of all oil, gas, hydrocarbons, or other minerals in and under the Property, without the use of the surface or

subsurface, to a depth of five hundred (500) feet, measured vertically, from the surface of the Property.

- D. Seller shall convey the Property on a date occurring no later than ninety (90) days after the date the County of Los Angeles Board of Supervisors approves the sale of the Property. The date on which the Deed transferring title to the Property to Buyer is recorded is referred to as the "Closing Date" or the "Close of Escrow".

5. Title. Buyer understands that the Property is being sold without any warranty regarding the condition of title to the Property; Buyer will seek to obtain a policy of title insurance issued by a licensed title company at Buyer's cost and expense.

6. Recording. The Title Company shall prepare the Deed indicating title to the Property to be vested in the name of the Buyer as follows: County of Los Angeles, a body corporate and politic and shall cause the Deed to be recorded in the official records of the Los Angeles County Recorder.

7. Delivery of Deed. The Title Company shall transmit to Buyer a copy of the Deed stamped by the Recorder, the original of which shall be mailed to the Buyer by the Recorder at the address for notice to Buyer pursuant to Section 13 hereof with a certified copy to the Seller.

8. Condition of the Property.

- A. Buyer acknowledges that Buyer is purchasing the Property "as is," solely in reliance on Buyer's own investigation, and that no representation or warranty of any kind whatsoever, express or implied, has been made by Seller or Seller's agents. Any information given or disclosure made to Buyer by Seller or Seller's agents concerning the Property shall not constitute a representation or warranty made by Seller. Buyer has been given the full opportunity to inspect the Property prior to execution of this Agreement. Buyer shall assume the cost and expense for the removal of all contaminated materials, toxic or hazardous substances, and asbestos, if any, on the Property.
- B. Seller has disclosed to Buyer the following information that impacts Buyer's use of the Property: None, other than as set forth herein. Such disclosures are not exhaustive and do not imply that no other conditions impact Buyer's use of, or the value of the Property or that other conditions are not known to Seller.
- C. Buyer also acknowledges that it is aware of all zoning regulations, other governmental requirements, site and physical conditions, and all other matters affecting the use and condition of the Property, and Buyer agrees to purchase the Property in said condition. No

representation express or implied is made by Seller as to the fitness or suitability of the Property for any use which may be intended by Buyer.

9. Possession/Risk of Loss. All risk of loss or damage with respect to the Property shall pass from Seller to Buyer upon recordation of the Deed.

10. Brokerage Commission. Buyer and Seller hereby acknowledge and represent that there are no broker's commission or finder's fees due in connection with the transaction contemplated by this Agreement. Each party shall indemnify and hold the other party harmless from any claim of any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of either party with respect to the transaction contemplated hereunder.

11. Conflicts. In the event of a conflict between the provisions of this Agreement and the provisions of any other documents executed or agreements made or purported to be executed or made between the parties prior to the date hereof, the provisions contained in this Agreement shall in all instances govern and prevail.

12. Assignment. This Agreement is not assignable. Buyer shall not assign or attempt to assign this Agreement, or any rights hereunder, to any other person or entity. Any such assignment or purported assignment shall be null and void, and of no force and effect whatsoever.

13. Notices. All notices, demands, and requests required or desired to be given pursuant to this Agreement by either party shall be sent by United States Mail, registered or certified, postage prepaid, and addressed to the parties as follows:

Seller: Community Development Commission
of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Attn: Corde Carrillo, Director
Economic/Redevelopment Division

Buyer: County of Los Angeles
Chief Executive Office
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attn: Chris Montana, Manager
Property Management

Notices, demands, and requests served in the above manner shall be considered sufficiently given or served for all purposes under this Agreement at the time the notice, demand, or request is postmarked to the addresses shown above.

14. Time is of the Essence. Time is of the essence for each and every term, condition, covenant, obligation, and provision of this Agreement.

15. Buyer's Remedies. In the event of Seller's failure to consummate the transaction contemplated by this Agreement. Buyer shall have all remedies in law and equity, and shall be entitled to enforce this Agreement and to obtain the benefit of the bargain contained herein.

16. County Lobbyist Ordinance. Seller is aware of the requirements of Chapter 2.160 of the Los Angeles County Code with respect to County Lobbyists as such are defined in Section 2.160.010 of said Code, and certifies full compliance therewith. Failure to fully comply shall constitute a material breach upon which County may terminate this Agreement.

17. Severability. In the event any portion of this Agreement shall be declared by any court of competent jurisdiction to be invalid, illegal, or unenforceable, such portion shall be severed from the Agreement, and the remaining parts hereof shall remain in full force and effect as fully as though such invalid, illegal, or unenforceable portion had never been part of the Agreement, provided the remaining Agreement can be reasonably and equitably enforced.

18. Binding on Successors. Subject to the limitations set forth herein, the Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

19. Governing Law and Forum. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Agreement shall be conducted in the courts of the County of Los Angeles, State of California.

20. Waivers. No waiver by either party of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provision.

21. Captions. The captions and the section and subsection numbers appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections of this Agreement nor in any way affect this Agreement.

22. No Presumption Re: Drafter. The parties acknowledge and agree that the terms and provisions of this Agreement have been negotiated and discussed between the parties and their attorneys, and this Agreement reflects their mutual agreement regarding the same. Because of the nature of such negotiations and discussions, it would be inappropriate to deem any party to be the drafter of this Agreement, and therefore, no presumption for or against validity or as to any interpretation hereof, based upon the identity of the drafter shall be applicable in interpreting or enforcing this Agreement.

23. Assistance of Counsel. Each party hereto either had the assistance of counsel or had counsel available to it, in the negotiation for, and the execution of, this Agreement, and all related documents.

24. Required Actions of Buyer and Seller. Buyer and Seller agree to execute all such instruments and documents and to take all action as may be required in order to consummate the purchase and sale herein contemplated.

25. Power and Authority. The Buyer has the legal power, right, and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby.

26. Survival of Covenants. The covenants, agreements, representations, and warranties made herein are intended to survive the consummation of the sale of the Property and recordation of the Deed.

27. Interpretation. Unless the context of this Agreement clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall be deemed to include the others; (iii) "or" is not exclusive; and (iv) "includes" and "including" are not limiting.

28. Entire Agreement. This Agreement contains the entire agreement between the parties herein, and no addition or modification of any terms or provisions shall be effective unless set forth in writing, signed by both Seller and Buyer.

29. Escrow. The Buyer and Seller agree to open an escrow (the "Escrow") with the escrow holder listed in this Section below (the "Escrow Holder") and agree to execute mutually acceptable escrow instructions to be provided by the Escrow Holder hereto to carry out the purchase and sale of the Property as contemplated in this Agreement.

Notwithstanding anything contained in Section 5 above, Buyer and Seller also agree to execute and deliver to Escrow Holder all documents reasonably required by Buyer's title insurance carrier to issue title insurance to Buyer and all documents reasonably required by Escrow Holder to close escrow as contemplated in this Agreement.

Chicago Title Insurance Company
Attn: Cheryl Yanez, Escrow Officer
700 S. Flower Street, Suite 900
Los Angeles, CA 90017
Telephone: (213) 488-4315
Facsimile: (213) 488-4388

IN WITNESS HEREOF, the parties have executed this Agreement as of the day and year first written above.

SELLER

Community Development Commission of the
County of Los Angeles

By: *Robbette A. Glover*
SEAN ROGAN, Executive Director

BUYER

COUNTY OF LOS ANGELES

By: *Gloria Trulock*
Chair, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer, Clerk of the Board of Supervisors

By: *Andrea Sheridan Ordin*
Deputy **JUL 26 2010**



APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By: *Andrea Sheridan Ordin*
Senior Deputy

hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: *Andrea Sheridan Ordin*
Deputy

ADOPTED
BOARD OF SUPERVISORS

Upon approval of this Agreement, a signed copy will be mailed to Seane Rogan

MAY 25 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

EXHIBIT A - LEGAL DESCRIPTION (TAKE PIECE)

Real property in the County of Los Angeles, State of California, described as follows:

ALL OF LOTS 87, 88, AND 89 AND THOSE PORTIONS OF LOTS 10, 11, 12, 13, AND 86 OF THE SOUTH GATE TRACT, IN THE RANCHO TAJAUTA, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 13 PAGES 14 AND 15 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 89;

THENCE NORTH 89°41'33" EAST, ALONG THE SOUTH LINE OF SAID LOT, AND THE SOUTH LINE OF SAID LOT 10, A DISTANCE OF 180.46 FEET TO THE WESTERLY RIGHT OF WAY LINE OF WILMINGTON AVENUE (100.00 FEET WIDE);

THENCE NORTH 00°16'36" EAST, ALONG SAID WESTERLY RIGHT OF WAY LINE OF WILMINGTON AVENUE, A DISTANCE OF 149.17 FEET;

THENCE NORTH 89°43'24" WEST, LEAVING THE SAID WESTERLY RIGHT OF WAY LINE OF WILMINGTON AVENUE AT A RIGHT ANGLE, A DISTANCE OF 180.35 FEET TO A POINT ON THE WEST LINE OF SAID LOT 86;

THENCE SOUTH 00°18'52" WEST, ALONG THE WEST LINE OF SAID LOTS 86, 87, 88, AND 89, A DISTANCE OF 151.01 FEET TO THE POINT OF BEGINNING.

EXCEPTING AND RESERVING ALL OIL, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LANDS BUT WITHOUT, HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER, RESERVED BY CHARLES S. WILSON, A MARRIED MAN, BY DEED RECORDED FEBRUARY 23, 1988 AS INSTRUMENT NO. 88-237582, OFFICIAL RECORDS, AS TO LOT 10; RESERVED BY CHARLES L. WILSON AND BESSIE M. WILSON, HUSBAND AND WIFE, BY DEED RECORDED FEBRUARY 23, 1988 AS INSTRUMENT NO. 88-237581, OFFICIAL RECORDS, AS TO LOT 11; RESERVED BY ARTHUR E. ALEXANDER, A WIDOWER, BY DEED RECORDED SEPTEMBER 25, 1987 AS INSTRUMENT NO. 87-1538930, OFFICIAL RECORDS, AS TO LOTS 13 AND 14; RESERVED BY ARTHUR E. ALEXANDER, A WIDOWER, BY DEED RECORDED SEPTEMBER 28, 1987 AS INSTRUMENT NO. 87-1548646, OFFICIAL RECORDS, AS TO LOT 86; RESERVED BY OLIVER JOSEPH JEFFERSON, BY DEED RECORDED MAY 19, 1988 AS INSTRUMENT NO. 88-798402, OFFICIAL RECORDS, AS TO LOT 87; RESERVED BY TOSCANALLI THOMAS, BY DEED RECORDED JULY 30, 1987 AS INSTRUMENT NO. 87-1209376, OFFICIAL RECORDS, AS TO LOT 88; RESERVED BY RICHARD ARRIOLA AND GLORIA ARRIOLA, HUSBAND AND WIFE, BY DEED RECORDED JUNE 19, 1987 AS INSTRUMENT NO. 87-973999, OFFICIAL RECORDS, AS TO LOT 89.

ALSO EXCEPTING AND RESERVING THE RIGHT TO EXTRACT OIL, MINERALS AND OTHER HYDROCARBON SUBSTANCES WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED TO ALVIN L. EDWARDS AND DELORES EDWARDS, IN FINAL ORDER OF CONDEMNATION RECORDED OCTOBER 9, 1990 AS INSTRUMENT NO. 90-1715811, OFFICIAL RECORDS, AS TO LOT 12.

CONTAINING 27,076 SQUARE FEET MORE OR LESS.

SEE EXHIBIT B, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

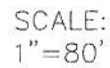
PREPARED BY ME OR UNDER MY DIRECTION

Stefan Lanthier
STEFAN LANTHIER
PLS 7259 EXPIRATION 12-31-2010

3-24-10
DATE



SHEET 1 OF 1 SHEET



PORTION OF SOUTHGATE
TRACT MB 13/15-15
LOS ANGELES COUNTY